

LEASE AGREEMENT

This Lease is made and entered into this 1st day of August, 2008, by and between the **CITY OF GLOBE**, an Arizona Municipal Corporation, hereinafter referred to as Lessor, and **VADEN CORPORATION**, a California Corporation, hereinafter referred to as Lessee. As used herein, the term Lessee shall also include all of the Lessee's employees, agents, assigns or successors, or anyone claiming under them or acting on their behalf,

Lessor, for and in consideration of the agreements and covenants of Lessee contains herein, does hereby lease to Lessee and the Lessee leases from the Lessor the main/street floor only of the building known as the Revco building (Amster Building) located at 100 North Broad Street in Globe, Arizona. ("Leased Premises" herein).

ARTICLE ONE

- 1.1 **Term.** This lease is for the term of five (5) years, commencing with the 1st date of August, 2008, and ending the 31st day of July, 2013, unless sooner terminated as hereinafter provided, or extended by mutual agreement of the parties in writing or as otherwise provided herein.

ARTICLE TWO

- 2.1 **Rent.** Lessee agrees to pay as rent for the subject property the sum of Three Thousand and 00/100s (\$3,000.00) Dollars per month, plus all taxes due pursuant to paragraph 2.3 herein. The first payment shall be due on or before the 1st day of each succeeding month for the term of the lease.

The foregoing provisions notwithstanding, the monthly rent shall automatically increase three percent (3%) per year during the term of the lease. Commencing August 1st of each year.

- 2.2 Additional Rent. As additional rent, Lessee shall provide all carpeting and floor covering required to utilize the building for the purpose intended. All such upgrades shall be approved by the City Manager and shall become part of the building and the property of the Lessor upon termination of this Lease.

Lessee may add fixtures, shelving, or other display materials required to conduct its business and may remove same upon termination of this lease and shall repair any damage caused to ceilings, floors, or walls by said removal as provided in paragraph 5.2 (d) herein.

- 2.3 Tax on rents. In addition to the monthly rental payment, Lessee shall further pay to lessor any, and all, excise, privilege, rental and other taxes ("Tax" herein levied or assessed by any governmental authority upon or measured by any rental or other sums to be paid by Lessee to or on behalf of Lessor, pursuant to the terms of this lease. Such tax shall include, without limitation, any new tax of a nature not presently in effect but which may be hereafter levied, assessed or imposed upon the leased premises if such a new tax shall be based on or arise out of the ownership, use or operation of the Leased premises by Lessee.

ARTICLE THREE

- 3.1 Use The Lessee shall use and occupy the property exclusively for the operation of the following activities:

Retail Sales Facility

- 3.2 Compliance with laws. Lessee agrees to conform business conducted on the premises and thereof, to the laws relating thereto and all requirements of any properly constituted public tribunal or officer, federal, state and municipal, and to reasonable directions and requirements of insurance companies carrying insurance on the premises or property thereon or therein. Access to the leased premises shall be maintained by Lessee in full compliance with the Americans with Disabilities Act (ADA), except for the restroom facilities which may be labeled "Employees Only". Access to the elevator installed by Lessor shall be from outside the leased premises.

ARTICLE FOUR

- 4.1 Acceptance - "As Is". Lessee will examine the premises prior to and as a condition precedent to acceptance and occupation of same taking possession thereof shall be conclusive evidence of Lessees receipt of the same in good order and repair, except as otherwise specified herein, and agrees to accept the premises "as is". Lessee agrees and admits that no

Amendment No. 1
Lease Agreement Between City of Globe and
Thomas M. Thompson

Second paragraph page 1 to read as follows:

Lessor, for and in consideration of the agreements and covenants of Lessee contained herein, does hereby lease to Lessee and the Lessee leases from the Lessor the second floor and a portion of the basement (for storage Lessee's documents) of the building known as the Amster building located at 102 North Broad Street in Globe, Arizona. ("Leased Premises" herein).

ARTICLE TWO

Section 2.1 – to read

Lessee agrees to pay as rent for the subject property the sum of Two Thousand Three Hundred and 00/100 Dollars per month. In addition to the monthly rent, the Lessee shall pay all privilege, sales, use or other such taxes which may be impose don the monthly rent by any governmental taxing authority.

Section 2.3 - to read

The foregoing provisions notwithstanding, the monthly rent shall automatically increase 3 percent (3%) on July 1st each year.

Section 2.4 to be removed in its entirety

ARTICLE FIVE

Section 5.1 – The following is to be added at the end of the current section

Lessee shall be fully responsible for construction and maintenance of any and all tenant improvements installed in the basement of the above referenced building, at no cost to Lessor, to meet the Lessee's document storage and security needs. Such improvements will become Lessor's property upon termination of this lease agreement. Should Lessor determine a need for an alternative use of the said building's basement, Lessor shall provide Lessee a ninety (90) day advance notice to vacate the basement space in writing and Lessee shall remove all its property from the basement within the said ninety (90) day notice-period, at no cost to the Lessor.

representations as to the condition or repair thereof has been made by lessor or its agent, which is not contained herein expressed, endorsed herein; and likewise agrees and admits that no agreement or promise to decorate, alter, repair or improve premises, either before or after the execution hereof, not contained herein, has been made by Lessor or its agent.

ARTICLE FIVE

- 5.1 **Maintenance- Lessee.** Rental payment to Lessor is net and all cost of operation of Lessee's business shall be the responsibility of Lessee. Lessee shall perform all normal maintenance and cleaning to the interior walls, ceilings, floors, and woodwork, paint, plastering, plumbing, pipes, and fixtures, including, but not limited to, air conditioning and heating units, and maintain same in a clean, sightly and healthy condition, and in good repair, all according to the statutes and ordinances that might apply to the operation of Lessee's business activity, all at its own expense, and shall yield the same back to Lessor upon termination of the lease, whether such termination shall occur by expiration of the term or in any other manner whatsoever, in the same condition of cleanliness, repair and sightliness as the date of completion of flooring and other improvements completed by Lessee, loss by fire and reasonable wear and tear excepted. Lessor shall make all necessary repairs and renewals to the exterior walls, roof, glass, woodwork and paint whenever damage or injury to same shall have resulted from misuse or neglect, vandalism, the elements, or any cause other than Lessee's acts. If Lessee fails to comply with the provisions of this paragraph, Lessor may enter the premises, through its agents, servants or employees, without such entering causing or constituting a termination of this lease or an interference with the possession of the premises by Lessee, and Lessor may complete any required repairs or maintenance required of Lessee by this paragraph, and Lessee agrees to pay Lessor, in addition to the rent hereby reserved, the expenses incurred by Lessor. Heating and cooling units shall be in good, operating condition upon commencement of the lease. Said units shall be maintained by Lessee at its expense during the term hereof.
- 5.2 (a) **Alterations Lessee.** Lessee acknowledges that the building has been restored as a historical building and the historical character must be maintained. Except as provided in paragraph 2.2, should Lessee desire to make any changes or alterations to said premises, including outside signage, Lessee shall submit a written plan for such alterations to Lessor. Lessor, at its sole discretion, may notify Lessee that the alterations or changes can or cannot be made. If Lessor has not notified Lessee of the disapproval of said changes within fifteen (15) days from receipt of the proposed plan, Lessee may proceed as if consent has been given. All alterations, changes and improvements shall be made at

Lessee's expense and subject to the Lessor's interest and rights on termination of this lease. Provided, however, no signage shall be placed upon the building without prior written approval of the City Manager.

(b) Access for Alterations- Lessor. Lessee acknowledges that lessor has installed an Elevator. Lessor may have access to the street floor (Leased Premises) rented by Lessee when said access is reasonably necessary for elevator maintenance.

(c) Condition for Alterations. Lessee further agrees that Lessee will pay all liens of contractors, subcontractors, mechanics, laborers, materialmen, and other items of like character and will indemnify Lessor against all legal costs and charges, bond premiums for release of liens, including counsel fees reasonably incurred for the defense or prosecution of any suit in discharging the said premises or any part of thereof from any liens, judgments or encumbrances caused or suffered by Lessee. It is understood and agreed between the parties hereto that the costs and charges above referred to shall be considered as rent due and shall be included in any lien for rent.

The Lessee shall not have any authority to create any liens for labor or Materials on the Lessor's interest in the above described property, and all Persons contracting with the Lessee for the destruction or removal of any building, for the erection, installation, alteration, or repair of any building or other improvements on the above described premises, and all contractors, mechanics, and laborers, are hereby charged with notice that they must look to the Lessee, and to the Lessee's interests only in the above described property, to secure the payment of any bill for work done or material furnished during the rental period created by this lease.

(c) Rights on Termination. Upon the termination of this lease, all changes, alterations, additions, repairs or improvements to or on the building and premises shall become the additions, repairs or improvements to or on the building and premises shall become the property of Lessor without liability on its part to pay for same, except however that any trade fixtures, shelving, counters, mirrors, equipment or appliances placed in the building by Lessee which do not actually become a part of same, may be removed by Lessee during the term hereby created, provided that Lessee shall be responsible to Lessor for all damages to the premises occasioned by the removal of said items.

5.3 Utility Expenses. Lessee shall pay all costs and expenses incurred during the term of the lease as a result of its occupancy of the leased premises including, but not limited to, all expenses incurred for utility services, including water, gas, electricity, telephone, sewage, and garbage, in and to the property which is the subject of this lease.

ARTICLE SIX

- 6.1 **Indemnification.** Lessee shall hold Lessor harmless and indemnify Lessor from and against any and all claims for any bodily injury, loss, or damage to any person or property by Lessee and from and against all bodily injury, loss, claim or damage to any person or property anywhere occasioned by any act or omission of Lessee. In case Lessor shall, without fault on Lessor's part, be made a party to any litigation commenced by or against the Lessee for any of the above reasons, then Lessee shall protect and hold Lessor harmless and pay all costs, penalties, charges, damages, expenses, and reasonable attorney's fees incurred or paid by the Lessor. As used herein, the term "Person" means any person, firm, corporation, association, partnership, trust, joint venture, or other entity.

ARTICLE SEVEN

- 7.1 **Liability Insurance.** Lessee shall provide, maintain and pay the cost of Liability insurance insuring Lessor and Lessee, and other tenants or occupants, against any and all claims which may be established or made against Lessor or Lessee for property damage and for damages which may result from the death of or injury to any person or persons who may be near, in or upon the leased premises during the term of this lease, including property damage suffered by other tenants. Said insurance shall be in the amount of Three Hundred Thousand (\$300,000.00) Dollars for property damage and in the amount of at least One Million (\$1,000,000.00) Dollars for the death of or injury to one person and in the amount of at least Two Million (2,000,000.00) Dollars for the death or injury of two or more persons.

All insurance provided for herein shall be covered by policies of insurance of responsible companies duly authorized to transact business in the State of Arizona.

All policies of insurance provided for herein shall list the Lessor as additional insured and original policies therefrom shall be delivered to the Lessor, together with receipted bills showing payment of premiums.

- 7.2 **Casualty Insurance.** All personal property of Lessee, including fixtures and equipment located in or upon the leased premises, as well as any Improvements made thereto by Lessee, shall be held on same at the sole risk of Lessee. Except as provided below, Lessor shall not be liable for any damages to said personal property, inventory, fixtures, equipment or improvements maintained within the leased premises arising from the building or any part of or appurtenance thereof becoming out of repair, or

from the bursting, leaking or overflowing of water, gas, sewer, or steam pipes, or from any sprinkler system in said building or any plumbing connected therewith, or from any damage caused by defective electric wiring, or from any acts or neglect of co-tenants or other occupants of the building or other person, or from theft, or due to the happening of any accident in or to said building. Lessee shall have the responsibility to insure against such losses. Should Lessor lease other floors within the building, any such lease shall contain similar provisions for insurance as those set forth in Article 7.1, including liability to co-tenants or other occupants.

The foregoing provisions notwithstanding, Lessor shall reimburse or pay Lessee for any damage or loss to personal property, inventory, fixtures, equipment or value of improvements made by Lessee when such loss or damage occurs as a result of the negligence or wrongful act of Lessor or Lessor's employees, agents or representatives during any period of construction/remodeling of the building by Lessor or during any other period Lessor has construction /occupancy of the leased premises or adjoining floors.

- 7.3 Casualty Insurance Proceeds. If the premises shall, without fault of Lessee, be destroyed or be so damaged as to become wholly or partially untenable by fire or by providential means, then, if Lessor shall by writing delivered to Lessee within ten (10) days after such damage or destruction elect to rebuild or repair same, this lease shall remain in force and Lessor shall rebuild or repair same, this lease shall remain in force and Lessor shall rebuild or repair the premises within a reasonable time after such election, putting same in as good condition as they were at time of destruction or damage and for that purpose may enter the premises and the rent shall abate during the time premises are untenable, but if Lessor does not elect to rebuild or repair, Lessor shall have possession of premises and Lessee shall deliver and surrender to lessor such possession and this lease shall become void and the term hereby created shall terminate; and on such delivery and surrender being made or on recovery of premises by Lessor, the obligation to pay rent shall cease, but until such delivery and surrender or recovery the obligation to pay rent shall not cease.
- 7.4 Loss Occasioned by Lessee. Lessee shall, in case of fire, or loss or damage from other causes, give immediate notice thereof to Lessor. In the event of damage by fire or other causes due to or resulting from the fault or negligence of Lessee or Lessee's agents, employees, invitees, or visitors, the same shall be repaired by and at the expense of lessee under the direction and supervision of Lessor.

- 7.5 Proceeds Insurance. Should Lessor have insurance coverage in force for any casualty loss that may occur on the premises, said coverage, proceeds and benefits are for the sole protection, right and use of Lessor.

ARTICLE EIGHT

- 8.1 Assignment Precluded. This lease may not be assigned without the written consent of the Lessor, but the Lessor shall not unreasonably withhold consent to such assignment.

ARTICLE NINE

- 9.1 Taxes. Currently no real property taxes or assessments accrue on the premises. Should same be assessed during the term of this Lease, Lessee agrees to pay, when due, all taxes or assessments that may be placed on the leased premises as a result of the business activity of Lessee during the term of the lease.

ARTICLE TEN

- 10.1 Abandonment. In case Lessee shall abandon or be removed from the premises before the end of the term, Lessor immediately or at any time afterwards, without notice and without waiving or postponing any right against Lessee, may relet premises or any part thereof on such terms as it shall deem best, and apply proceeds from time to time, less expenses, including cost of repairs and collection, or such rent, work, materials, service, and interest, or judgment thereof, and holdi Lessee for the balance unpaid on account thereof.
- 10.2 Condemnation. If the premises or any part thereof are taken or condemned for a public or quasi public use, this lease shall, as to the part so taken, terminate as of the date title shall vest in condemnor, and the rent reserved shall be adjusted so that Lessee shall be required to pay a portion of rent due for the remainder f the term, or shall cease if the entire premises be so taken; but Lessor may nevertheless terminate this lease in the event of a taking or condemnation of a portion of the premises, or a portion of the land and/or building of which the premises form a part, irrespective of whether or not any portion of the premises are taken and/or condemned upon not less than three days notice in writing of its election to do so, and upon the date set forth in said notice this lease shall cease, terminate and come to an end in the same manner and to the same effect as if such date were fixed herein for the expiration of the term. In the event of the taking or condemnation of a portion of the premises and this lease is not terminated by Lessor under the provisions hereof, the rental shall be apportioned, as aforesaid, by agreement between the parties or if

they cannot agree, same shall be submitted to arbitration in accordance with the Arizona laws on arbitration. Pending such determination, Lessee shall pay at the times and in the manner above provided rental herein reserved without deduction and all other charges herein required to be paid by Lessee, and upon such determination or arbitration award, Lessee shall be entitled to credit for any excess rentals paid. Lessee shall have no claim against Lessor or be entitled to any portion of the amount that may be awarded as damages or paid as result of such condemnation of the real property and hereby assigns, transfers and sets over to Lessor any award or awards, claim or demand whatsoever, if any, to which Lessee is or may be entitled by reason of such taking and/ or condemnation.

Nothing continued in this lease shall be deemed to prevent lessee from interposing or prosecuting in any condemnation proceedings a claim for the value of its leasehold estate, if any, and any fixtures or improvements installed in or made to the premises by him and receiving and retaining the proceeds of any such claim, and the Lessor shall have no claim or right to the proceeds.

- 10.3 Insolvency. If the Lessee should make an assignment for the benefit of creditors then this lease would at the option of the Lessor cease to exist. If any proceedings are brought against the Lessee under the Bankruptcy Act, or any amendment thereto, and if the proceedings shall not be dismissed within a reasonable time, or if a receiver is appointed in any proceedings to which the Lessee is a party, with authority to take possession or control of the demised premises, any such event shall be deemed to constitute a breach of this lease and the Lessor may forthwith reenter, terminate the lease, and all rights of any persons thereunder, and take back the premises.

ARTICLE ELEVEN

- 11.1 Default. "Default", as that term is used herein , means the Occurrence of any one or more of the following events:
- (a) Failure of Lessee to pay within ten (10) days of the due date any Installment of rent or taxes as provided herein or
 - (b) The failure by lessee to comply with any term, covenant, or provision in the Lease, other than the covenants to pay rent, and the failure by Lessee, within thirty (30) days after Lessor has notified Lessee of such failure, and thereafter to proceed diligently to cure such failure within a reasonable period of time.

11.2 Remedies After Default. Upon the occurrence of a default (including the passage of time specified thereof without cure), Lessor shall have the option to pursue any one or more of the following remedies without any further notice or demand whatsoever, and shall have the right to pursue any other remedies at law or in equity, the following remedies being non-exclusive

- (a) Terminate the Lease, in which event Lessee shall immediately surrender the property to Lessor, and, if Lessee fails to do so, Lessor may, without prejudice to any other remedy which Lessor may have hereunder for possession or arrearages in rent, enter upon and take possession of the premises and expel or remove Lessee and any other person who may be occupying the property, or any part thereof, and Lessee agrees to pay lessor on demand the amount of all loss and damages which lessor may suffer by reason of such termination, whether through inability to relet the premises on satisfactory terms or otherwise; or
- (b) enter upon and take possession of the premises and expel or remove Lessee and any other person who may be occupying the premises or any part thereof, by force, if necessary, without being liable for prosecution or any claim for damages thereof, and , if Lessor elects, relet the premises on such terms as Lessor may deem advisable and receive the rent thereof, and, Lessee agrees to pay to Lessor on demand any deficiency that may arise
- (c) enter upon the premises by force, if necessary without being liable for prosecution or any claim for damages thereof, do whatever Lessee is obligated to do under the terms of the lease, and obtain reimbursement from lessee for any expenses which Lessor may incur in thus affecting compliance with Lessee's obligations under the lease.

ARTICLE TWELVE

12.1 Holding Over. In the event Lessee remains in possession of the premises or any part thereof after the expiration of the lease and without the execution of a new lease agreement, lessee shall be deemed to be occupying the premises as a tenant from month to month at a rental equal to the rental herein provided and otherwise subject to all the terms, covenants, and provisions of the lease insofar as the same are applicable to a month-to-month tenancy

ARTICLE THIRTEEN

- 13.1 **Lessor Election to Sell.** The Lessor, through its Mayor and Council, may elect to sell building in which the leased premises are located. Any such sale shall be subject to this lease if made prior to May 31, 2013. Should Lessor choose to sell the property, Lessor shall provide Lessee six (6) months written notice of said intent. If the election to sell the property has been noticed and building has not been sold prior to the end of the initial term, Lessee may continue its occupancy under the terms of this Lease on a month-to-month basis. However, Lessee shall be entitled to a minimum of six (6) months written notice of intent to terminate said lease by lessor or any new owner. Any sale shall be subject to this provision.
- 13.2 **Automatic Renewal of terms Subsequent to the Initial Term** In addition to the automatic renewal provisions applying to the initial term of sixty (60) months, this lease shall renew automatically with the same terms and conditions at the end of each new sixty (60) month lease term, unless either party shall provide 120 days notice of intent not to renew.

ARTICLE FOURTEEN

- 14.1 **Notices.** Whenever any notices or demand is required or permitted Hereunder, such notice or demand must be in writing. Any notice, demand, payment, or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not on the fifth (5th) business day after it is deposited in the United States mail, postage prepaid, addressed to the following:

Lessor

City of Globe
Attn: City Clerk
150 North Pine Street
Globe, AZ 85501

Lessee

Vaden Corporation
100 N. Broad Street
Globe, AZ 85501

Any party or person entitled to receive notices, demands, payments and documents hereunder may change, at any time and from time to time, by written notice the address heretofore specified for receiving the same.

- 14.2 Number or Gender of Words. Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.
- 14.3 Captions. The captions, headings and arrangements used in the Lease are for convenience only and do not in any way affect, limit, or amplify the terms and provisions hereof.
- 14.4 Waivers and Consents. One or more waivers of any covenant, term, or provision of the lease by any party shall not be construed as a waiver of any other then existing or subsequent breach of a different covenant, term, or provision. The consent or approval by either party to or of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.
- 14.5 Entirety of Agreement; Amendments. This lease contains the entire agreement between the parties, and no agreement shall be effective to change, modify, or terminate this lease in whole or part unless such agreement is in writing and duly signed by the party against whom enforcement of such change, modification, or termination is sought.
- 14.6 Invalid Provisions. If any provisions of the lease is held to be illegal, Invalid, or unenforceable under present or future laws effective during the term of this lease, shall not be affected thereby, and in lieu of each such illegal invalid, or unenforceable provision as may be legal, valid, and enforceable.
- 14.7 Persons Bound by Lease. Subject to the provisions of Section 8.1 of Article Eight, the lease agreement shall be binding upon and inure to the benefit of lessor and Lessee, their successors, and assigns.
- 14.8 Attorney Fees. Should any proceeding or litigation be commenced Between the parties hereto concerning the terms of this Agreement, or the rights and duties of the parties hereto, the prevailing party in such proceeding or litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum, as and for the prevailing party's attorney's fees.

IN WITNESS WHEREOF, the parties have executed this lease effective the
Date first above written.

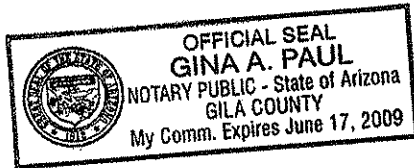
CITY OF GLOBE

By Fernando Shipley
Fernando Shipley

By John G. Olmstead, PRESIDENT
John G. Olmstead, President

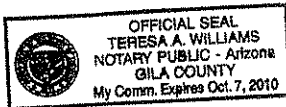
SUBSCRIBED AND SWORN TO before me this 5th day of August 2008
By FERNANDO SHIPLEY.

Gina A. Paul
Notary Public



SUBSRIBED AND SWORN TO before me this 21th day of July, 2000
By JOHN G. OLMSTEAD

Teresa A. Williams
Notary Public



IN WITNESS WHEREOF, the parties have executed amendment No. 1 effective this fourth day of August, 2008.

CITY OF GLOBE

By: _____

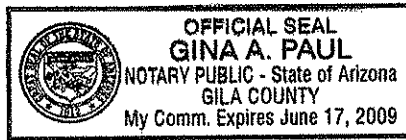
Fernando Shipley Mayor

THOMAS M. THOMPSON

BY: _____

Thomas M. Thompson

SUBSCRIBED AND SWORN TO before me this 5th day of August, 2008 by FERNANDO SHIPLEY.



Gina A. Paul
NOTARY PUBLIC

SUBSCRIBED AND SWORN TO before me this 26th day of August, 2008 by THOMAS M. THOMPSON.



Teresa A. Williams
NOTARY PUBLIC